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August 9, 2005

Ex Parte

Marlene H. Dortch
Secretary
Federal Communications Commission
445 12th Street, SW
Washington, DC 20554

Re: In the Matter of Federal-State Joint Board on Universal Service, CC Docket No. 96-45

Dear Ms. Dortch:

Yesterday, Edward Shakin, Katherine O'Hara and Thomas Moynihan from Verizon met with Tom Navin, Narda Jones, Mark Seifert, Carol Pomponio and Ian Dillner of the Commission's Wireline Competition Bureau to discuss TracFone's Petition for Forbearance and TracFone's various ETC petitions. Verizon discussed both policy and procedural issues and concerns surrounding TracFone's various requests.

As a general matter, Verizon recognized that prepaid calling card carriers such as TracFone should pay a reduced assessment under a numbers based universal service contributing system. By the same token, however, Verizon raised concerns regarding a change in Commission rules to allow a non-facilities based carrier to *receive* universal service support. Verizon questioned whether it was in the public interest for the Commission to make a fundamental policy shift by subsidizing resellers. Moreover, to the extent that TracFone's service plans attract significant numbers of customers that already receive primary line service elsewhere, providing lifeline support for secondary lines would be an additional expansion of the universal service fund. The company also pointed out that, if TracFone's petitions were granted, by impacting the size of the fund, it also impacts the ultimate payor of USF – the consumer.

With regard to the procedural issues included in these petitions, Verizon expressed its view that, absent a rulemaking proceeding, there was nothing in this record that adequately addressed how pure resellers would receive prospective lifeline support. Likewise, there is nothing in the rules addressing how a carrier with no monthly fee would be reimbursed. It appears that the Commission's existing rules do not include the option of a lifeline-only ETC. Noting this, Verizon expressed its view that even if the Commission wanted to expand the scope of the fund in the

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manner proposed by TracFone, it would need to collect comments regarding appropriate lifeline rule changes.

Pursuant to Section 1.1206(b) of the Commission's rules, one electronic copy of this notice is being filed in the above-referenced proceeding.

Should you have any questions, please do not hesitate to contact me.

Sincerely,

/s/Katherine O'Hara

cc: Ian Dillner
Narda Jones
Tom Navin
Mark Seifert
Carol Pomponio